

Senate Bill 558

By: Senators Hamrick of the 30th, Shafer of the 48th, Cagle of the 49th and Williams of the 19th

A BILL TO BE ENTITLED
AN ACT

To amend Chapter 5 of Title 7 of the Official Code of Georgia Annotated, relating to credit cards and credit card banks, so as to correct typographical, stylistic, and other errors; to rearrange and renumber certain provisions; to provide that any credit card transaction where the credit card issuer is a domestic lender or credit card bank and any credit card account created by a domestic lender or credit card bank shall be exempt from the provisions of Chapter 17 of Title 16; to provide for related matters; to provide an effective date; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Chapter 5 of Title 7 of the Official Code of Georgia Annotated, relating to credit cards and credit card banks, is amended by striking Code Section 7-5-2, relating to definitions, and inserting in lieu thereof a new Code Section 7-5-2 to read as follows:

"7-5-2.

As used in this chapter, the term:

(1) 'Affiliate' means the same as that set forth in paragraph (1) of Code Section 7-1-4.

(2) 'Commissioner' and 'department' shall have the ~~meanings~~ meaning provided in ~~paragraphs~~ paragraph (13) and (16) of Code Section 7-1-4.

(3) 'Credit card' means any type of arrangement or loan agreement pursuant to which a domestic lender or credit card bank gives a debtor the privilege of using a credit card or other credit confirmation or device of any type in transactions out of which debt arises:

(A) By the domestic lender or credit card bank honoring a draft or similar order for the payment of money created, authorized, issued, or accepted by the debtor; or

(B) By the domestic lender or credit card bank paying or agreeing to pay the debtor's obligation.

(4) 'Credit card account' means an arrangement between a domestic lender or credit card bank and a debtor for the creation of debt pursuant to a credit card and under which:

(A) The domestic lender or credit card bank may permit the debtor to create debt from time to time;

(B) The unpaid balance of principal of such debt and the loan, finance, or other appropriate charges are debited to an account;

(C) A loan finance charge is computed or an interest rate imposed upon the outstanding balances of the debtor's account from time to time; and

(D) The domestic lender or credit card bank is to render bills or statements to the debtor at regular intervals, the amount of which bills or statements is payable by and due from the debtor on a specified date as stated in such bill or statement or, at the option of the debtor, but subject to the terms and conditions of the credit card account, may be paid by the debtor in installments.

(5) 'Credit card bank' means a national bank located in this state or a bank organized under the laws of this state which, in either event, the activities of which are limited to those permitted under Code Section 7-5-3.

(6) 'Department' shall have the meaning provided in paragraph (16) of Code Section 7-1-4.

~~(6)~~(7) 'Domestic lender' means any bank, savings and loan association, savings bank, credit union, or other business organization organized or chartered under the laws of this state or the United States, which in any event is authorized by law to accept deposits and make loans and has its principal place of business in this state.

~~(7)~~(8) 'Foreign lender' means any bank, savings and loan association, savings bank, credit union, or other business organization organized or chartered under the laws of the United States, or any state other than this state, or the District of Columbia, which in any event is authorized by law to accept deposits and make loans and has its principal place of business outside this state.

~~(8)~~(9) ~~For purposes of this chapter, 'holding company'~~ 'Holding company' means any company that controls a domestic or foreign lender or a credit card bank. The term 'company' and 'control' shall have the meanings set forth in Code Section 7-1-605.

~~(9)~~(10) 'Qualifying organization' means a corporation, partnership, or other entity which at all times maintains an office in the State of Georgia at which it employs at least 250 persons residing in this state who are directly or indirectly engaged in providing the following services, either for the qualifying organization or on behalf of other domestic or foreign lenders or credit card banks:

(A) The distribution of credit cards or other devices designed and effective to access credit card accounts;

(B) The preparation of periodic statements of amounts due under credit card accounts;

(C) The receipt from credit card holders of amounts paid on or with respect to such accounts; or

(D) The maintenance of financial records reflecting the status of such accounts from time to time.

The term 'qualifying organization' shall also include any domestic bank and credit card bank satisfying the employment and activities requirements set forth in this paragraph."

SECTION 2.

Said chapter is further amended by striking subsection (c) of Code Section 7-5-4, relating to credit card charges and fees, and inserting in lieu thereof a new subsection (c) to read as follows:

"(c) A credit card account between any domestic lender or credit card bank and a debtor shall be governed solely by the laws of the State of Georgia and federal law unless otherwise expressly agreed in writing by the parties. A domestic lender or credit card bank may, as specified in the written agreement governing a credit card account, modify in any respect any terms or conditions of such credit card account, upon such prior written notice of such modification as specified by the terms of the written agreement governing the credit card account or by the Truth in Lending Act (15 U.S.C. Section 1601, et seq.). Any such notice provided by a domestic lender or credit card bank shall specify that the debtor has the right to surrender the credit card whereupon the debtor shall have the right to continue to pay off his or her credit card account in the same manner and under the same terms and conditions as then in effect. The debtor's failure to surrender the credit card prior to the modification's becoming effective shall constitute a consent to the modification."

SECTION 3.

Said chapter is further amended by inserting a new Code Section 7-5-7 to read as follows:
"7-5-7.

Any credit card transaction where the credit card issuer is a domestic lender or credit card bank and any credit card account created by a domestic lender or credit card bank shall be exempt from the provisions of Chapter 17 of Title 16."

SECTION 4.

1 This Act shall become effective upon its approval by the Governor or upon its becoming law
2 without such approval.

3 **SECTION 5.**

4 All laws and parts of laws in conflict with this Act are repealed.